

Message Text

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FM SECSTATE WASHDC
TO USMISSION OECD PARIS PRIORITY

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EXDIS (FOR ASSISTANT SECRETARY ENDERS)

FOLLOWING REPEAT CAIRO 5796 ACTION SECSTATE JUN 11

QUOTE

E.O. 11652: GDS
TAGS: E
ID USEGJC
SUBJECT: COORDINATED PRESENTATION OF EGYPT'S
FINANCIAL ASSISTANCE REQUIREMENTS

REF: STATE 133630

1. AMBASSADOR WITH DCM AND AID REP MET TODAY WITH
MINFINANCE ABU ISMAIL TO PRESENT TEXT OF LETTER
PROPOSED PARAGRAPH 6 OF REFTEL. AFTER STRESSING
ESSENTIALITY USG AND GOE APPROACHING PROSPECTIVE
DONORS WITH CONSISTENT STATEMENTS RE NATURE
OF EGYPT'S BOP PROBLEM AND REALISTIC REQUIREMENTS
FOR ADDITIONAL AID, AMBASSADOR INDICATED WE HAVE BEEN
THINKING OF A COORDINATED STATEMENT AND GAVE ABU
ISMAIL DRAFT CITED PARA 6 REFTEL. AMBASSADOR
MENTIONED UNDERSEC'S UPCOMING TRIP TO EUROPE TO
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DISCUSS, AMONG OTHER THINGS, AID FOR EGYPT AND THAT

IT WOULD BE HELPFUL HAVE SUCH A STATEMENT FOR THE
UNDERSEC'S USE AND FOR DIRECT GOE TALKS WITH PROSPECTIVE
DONORS. WHILE A WRITTEN STATEMENT BEST, WE NEED AT
VERY MINIMUM A FIRM UNDERSTANDING ON POSITION OUR TWO
GOVERNMENTS WILL COMMUNICATE TO PROSPECTIVE DONORS.

2. AFTER READING PROPOSED LETTER, MINFIN STATED THAT
OUR FIGURES ON MAGNITUDE OF EGYPT'S FINANCIAL PROBLEM
DIFFER FROM THOSE REACHED BY GOE. AMBASSADOR IN-
DICATED THAT FIGURES IN STATEMENT HAD BEEN DEVELOPED
WITH MINISTER'S STAFF AND ASSOCIATES DURING UNDER
SECRETARY ROBINSON'S VISITS AND THAT REPORTED USE OF
DIFFERENT FIGURES BY EGYPTIAN OFFICIALS WAS ONE REASON
FOR PROPOSING STATEMENT THAT WOULD PROVIDE BASIS FOR
CONSISTENT APPROACH BY ALL CONCERNED. ABU ISMAIL
AGREED IN PRINCIPLE THAT STATEMENT ALONG LINES OF
OURS MIGHT BE USEFUL, BUT INSISTED THAT FIGURES
MUST BE REVISED, CITING AS EXAMPLE NEED TO REFINANCE
OUTSTANDING SHORT TERM CREDITS ON BETTER TERMS
IN ORDER ESCAPE CURRENT TWENTY PERCENT INTEREST CHARGES.
IF GOE IS TO ISSUE STATEMENT, ABU ISMAIL POINTED OUT,
IT SHOULD CONTAIN FIGURES REFLECTING EGYPT'S PERCEPTION
OF THE PROBLEM. HE WONDERED IF ANY FIGURES NEED
BE
INCLUDED AT ALL, BUT ACCEPTED ARGUMENT THEY ARE
MECESSARY. HE RECALLED HE HAD MENTIONED FIGURES
DURING UNDERSECRETARY'S PREVIOUS VISITS AND EXPRESSED
REGRET US TEAM HAJ NOT ACCEPTED THEM AND HAD
INSTEAD COME UP WITH ITS OWN. THESE, AS HE HAD
TRIED TO POINT OUT, ARE NOT CONSISTENT WITH
GOE'S PERCEPTION OF THE NATURE AND MAGNITUDE OF
THE PROBLEM.

3. AMBASSADOR SUGGESTED MINFIN REVIEW STATEMENT AND
MODIFY AS NECESSARY, EXPRESSING HOPE THAT THIS COULD
BE DONE QUICKLY SO THAT UNDERSECRETARY ROBINSON
COULD HAVE FINAL VERSION PRIOR TO HIS VISIT TO
SAUDI ARABIA. ISMAIL PROMISED TO PROCEED AS RAPIDLY
AS POSSIBLE, BUT CLAIMED THAT HE WOULD NOT HAVE
TIME TO FOCUS ON STATEMENT UNTIL TOMORROW (JUNE 12)
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AFTERNOON. HE MIGHT BE ABLE LET ME HAVE AMENDED
STATEMENT FRIDAY OR SATURDAY.

4. WHILE ISMAIL SEEMED TO UNDERSTAND NEED FOR, AND
URGENCY OF, A CONCERTED POSITION, WE FEEL CERTAIN
THAT HE WILL WANT TO CONSULT WITH HIS STAFF, PRIMIN
AND MINISTERIAL COLLEAGUES BEFORE AGREEING TO
ISSUANCE OF OFFICIAL STATEMENT SETTING FORTH

EGYPT'S PROBLEMS AND REQUIREMENTS.

5. DISCUSSION THEN MOVED TO THE CLARIFICATION OF FISCAL AND CALENDAR YEAR FUNDING FIGURES AS SET FORTH PARA 1 REFTEL. SINCE OUR BREAKDOWN WAS OBVIOUSLY CONFUSING TO ABU ISMAIL, AMBASSADOR GAVE HIM AIDE MEMOIRE DETAILING FACTS. WE THEN SPENT SOME TIME GIVING ABU ISMAIL GRAPHIC PRESENTATION OF RELATIONSHIP BETWEEN FISCAL AND CALENDAR YEAR FUNDING AS WELL AS MAKE-UP OF \$250 MILLION PROPOSED AS ADDITIONAL BALANCE OF PAYMENTS SUPPORT FOR BALANCE OF CY 1975. WE ALSO REMIND ABU ISMAIL THAT ALL FY 76 AID FIGURES ARE HIGHLY CONFIDENTIAL UNTIL CONGRESSIONAL CONSULTATIONS HAD BEEN COMPLETED, FINAL FY 1976 FIGURE AGREED UPON, AND ACTUAL PRESENTATION MADE TO CONGRESS. ABU ISMAIL PROMISED TO REMIND HIS COLLEAGUES THAT ALL FY 76 FIGURES MUST BE KEPT STRICTLY CONFIDENTIAL.
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